



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 30, 2003

H.R. 1904 **Healthy Forests Restoration Act of 2003**

*As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry
on July 24, 2003*

SUMMARY

CBO estimates that H.R. 1904 would authorize the appropriation of \$140 million in 2004 and \$705 million over the 2004-2008 period to research and restore forests on federal, state, and private lands. Assuming appropriation of the necessary amounts, CBO estimates that implementing the act would cost \$29 million in 2004 and \$589 million over the next five years. Enacting this legislation could affect offsetting receipts (a credit against direct spending), but CBO estimates that any such effects would total less than \$500,000 a year.

H.R. 1904 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. Federal funds authorized for those and other programs would benefit state, local, and tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1904 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	140	145	140	140	140
Estimated Outlays	29	91	133	165	171

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1904 will be enacted before the end of fiscal year 2003 and that amounts estimated to be necessary to implement the legislation will be provided each year. Estimates of outlays are based on historical spending patterns for similar activities. Provisions that would affect spending subject to appropriation and direct spending are described below.

Spending Subject to Appropriation

H.R. 1904 would specifically authorize the appropriation of \$115 million in 2004 and \$460 million over the 2004-2008 period for the Forest Service and the Department of the Interior (DOI) to support research and restoration of federal, state, and private forests. The act would authorize those agencies to make grants and perform research to support biomass technology; provide technical and financial assistance to certain nonfederal entities to support watershed management, land rehabilitation projects, and efforts to revitalize rural economies; establish a new center to study hardwood forests; and assess the health of federal and private forests. Based on information from the agencies and historical spending patterns for similar activities, CBO estimates that these programs would cost \$21 million in 2004 and \$374 million over the next five years.

The act also would authorize the appropriation of amounts necessary for the Forest Service and DOI to purchase conservation easements from private landowners and to investigate and address infestations of forests by insects and nonnative invasive plants. Based on information from the agencies about the level of effort required to administer those programs, CBO estimates that H.R. 1904 would authorize the appropriation of \$25 million in 2004 and \$245 million over the 2004-2008 period. We estimate that such funding for these activities would result in outlays of \$8 million in 2004 and \$215 million over the next five years.

Direct Spending (Including Offsetting Receipts)

Title I would authorize expedited procedures for planning and conducting certain projects to reduce the risk of wildfires on certain federal lands managed by the Forest Service or the Bureau of Land Management (BLM). Under H.R. 1904, those expedited procedures would limit some environmental assessment requirements and shorten administrative and judicial appeals. According to the Forest Service and BLM, the expedited procedures could affect the timing of some projects that generate offsetting receipts, such as timber harvests, that the agencies plan to conduct under current law. Based on information from the agencies,

however, CBO estimates that any subsequent change in offsetting receipts would total less than \$500,000 annually.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1904 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. CBO expects that states would manage the watershed forestry assistance programs authorized by this act voluntarily. Federal funds authorized for those and other programs would benefit state, local, and tribal governments.

PREVIOUS CBO ESTIMATES

On May 9, 2003, CBO transmitted a cost estimate for H.R. 1904 as ordered reported by the House Committee on Agriculture on May 8, 2003. On May 15, 2003, CBO transmitted a cost estimate for H.R. 1904 as ordered reported by the House Committee on the Judiciary on May 14, 2003. Compared to those versions of H.R. 1904, CBO estimates that the Senate committee's version of the legislation would authorize about twice as much funding to research and restore forests and provide financial and technical assistance to nonfederal entities.

In addition, on May 7, 2003, CBO transmitted a cost estimate for S. 14, the Energy Policy Act of 2003, as introduced on April 30, 2003. A provision in that bill is similar to a provision of H.R. 1904 that would authorize grants to eligible entities that use biomass to produce energy. Our estimate of the cost of such grants (\$25 million a year) is the same for both pieces of legislation.

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